

# Future Directions High Growth

Quarterly Investment Option Update

30 June 2016

## Aim and Strategy

To provide high returns over the long term through a diversified portfolio investing mostly in Australian and international shares with some exposure to alternative assets and property.

The portfolio aims to achieve a rate of return above inflation after costs over a 7 year period.  
(Multi-manager investment approach)

## Investment Option Performance

To view the latest investment performances please visit [www.amp.com.au](http://www.amp.com.au)

### Availability

Product name	APIR
<a href="#">AMP Flexible Lifetime Super</a>	AMP0657AU
<a href="#">AMP Flexible Super - Retirement account</a>	AMP1355AU
<a href="#">AMP Flexible Super - Super account</a>	AMP1484AU
<a href="#">CUSTOM SUPER</a>	AMP0657AU
<a href="#">Flexible Lifetime - Allocated Pension</a>	AMP0604AU
<a href="#">Flexible Lifetime - Term Pension</a>	AMP0927AU
<a href="#">Flexible Lifetime Investment</a>	AMP0692AU
<a href="#">Flexible Lifetime Investment (Series 2)</a>	AMP1419AU
<a href="#">METCASH SUPERANNUATION PLAN</a>	AMP0657AU
<a href="#">MultiFund Flexible Income Plan</a>	AMP0720AU
<a href="#">Signature Super</a>	AMP0801AU
<a href="#">Signature Super Allocated Pension</a>	AMP1082AU

### Investment Option Overview

<b>Investment category</b>	Diversified - Aggressive
<b>Suggested investment timeframe</b>	7+ years
<b>Relative risk rating</b>	High
<b>Investment style</b>	Multi Manager

Asset Allocation	Benchmark	Range (%)
International shares	35.74	20-60
Australian shares	41.6	20-60
Alternative assets (growth)	16.66	0-40
Direct property	4	0-40
Listed property		
Alternative assets (defensive)	2	0-15
International fixed interest	0	0-15
Australian fixed interest	0	0-15
Cash	0	0-15

Top Ten Australian Shares Exposure	%
JCP Australian Equity (Core) Long-Short Fund	8.63
Commonwealth Bank of Australia	6.74
Westpac Banking Corp	4.69
CSL Ltd	4.50
Australia & New Zealand Banking Group Ltd	3.73
National Australia Bank Ltd	3.67
Telstra Corp Ltd	3.62
BHP Billiton Ltd	2.85
Treasury Wine Estates Ltd	2.39
Aristocrat Leisure Ltd	2.09

Top Ten International Shares Exposure	%
APPLE INC	1.53
Alphabet Inc	1.23
MICROSOFT CORP	1.16
Exxon Mobil Corp	1.03
Amazon.com Inc	0.84
Johnson & Johnson	0.82
Facebook Inc	0.80
Nestle SA	0.79
Procter & Gamble Co/The	0.79
WELLS FARGO & COMPANY	0.73

Actual Allocation	%
International Shares	37.37
Australian Equities	37.01
Alternative Assets Growth	16.52
Others	3.77
International Listed Property	2.32
Cash	1.83
Direct Property	1.13
Alternative Assets Defensive	0.05

## Portfolio Summary

- > Despite significant volatility, performance was strong over the June quarter
- > Event risk dominated investor sentiment over the June quarter, most notably the Brexit referendum which created significant share market volatility at the end of the quarter.
- > The shift from a 'risk on' to a 'risk off' mentality over the quarter resulted in the solid performance higher yielding investments such as direct property and infrastructure.
- > A preference towards international shares, particularly a slight conviction to European shares, detracted from overall returns.

## Investment Option Commentary

The FD High Growth Fund achieved a positive return over the June quarter despite domestic and international markets experiencing large fluctuations over the period. The Fund underperformed its strategic benchmark for the period largely due to our preference towards international shares versus Australian shares.

The quarter started on a strong note with share markets supported by a rise in global commodity prices, dovish central bank actions and improving global economic growth. However, most of this performance was offset at quarter end as investors reacted negatively to the Brexit decision. Conversely holdings in historically safe high-yielding assets such as fixed interest, direct property and infrastructure saw significant gains towards the end of the quarter as investors sought sanctuary from volatile risk assets. This proved to be a major positive for the Fund which holds a high allocation to defensive, yield based assets. The depreciation of the Australian dollar over the quarter also significantly assisted the performance of unhedged international assets for Australian based investors.

## Fund positioning and outlook

With market uncertainty set to continue for the foreseeable future, we continue to maintain our long standing overweight position in cash in the defensive component of the fund to provide further protection. Whilst this weighed on returns over the period, we continue to believe bonds are fully priced and will remain low and range bound over the longer term. Our share exposure remains at a neutral level, with a bias towards international shares, particularly towards Europe and emerging markets where valuations remain more attractive and the potential for upside remains greater. We did trim our exposure to European shares during the quarter in the lead up to the Brexit decision to help stave off volatility. We also continue to hold an above average weight to alternative growth strategies due to their diversifying characteristics.

## Contact Us

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